

DEPARTMENT OF STATE REVENUE

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LETTER OF FINDINGS NUMBER: 98-0097P

Financial Institutions Tax

Fiscal Year: June 30, 1995

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ISSUE(S)

I. Tax Administration – Penalty

Authority: IC 6-8.1-10-2.1 (d); 45 IAC 15-11-2

Taxpayer protests the imposition of the negligence penalty.

STATEMENT OF FACTS

The taxpayer filed an amended FIT-20 for Fiscal year ending June 30, 1995 due to a change in federal taxable income reported on the 1994 Form 1120x. The department assessed a negligence penalty.

I. Tax Administration – Penalty

DISCUSSION

At issue is whether the taxpayer was negligent in remitting tax due subjecting it to a negligence penalty.

After filing its original 1994 Indiana Form FIT-20, taxpayer amended its 1994 Federal income tax return to more accurately reflect its depreciation expense. As a result of the depreciation adjustment, federal and Indiana income increased for the period ending June 30, 1995. Taxpayer timely reported and filed the adjustment with the department.

Taxpayer used reasonable care when carrying out its duty to timely amend its Indiana return, therefore, the penalty is waived.

FINDING

The taxpayer's protest is sustained.